

**ROUND-UP SPEECH BY MR CHEE HONG TAT, SENIOR MINISTER OF STATE,  
MINISTRY OF TRADE AND INDUSTRY & MINISTRY OF EDUCATION, AT THE  
SECOND READING OF THE SINGAPORE TOURISM (CESS COLLECTION)  
(AMENDMENT) BILL ON 9 JULY 2018**

Mr Speaker, I thank Associate Professor Daniel Goh for his suggestions and giving his support for the Bill.

2. Last September, we renewed the Formula One Singapore Grand Prix for another four years from 2018 to 2021. The decision was made after careful consideration of the projected costs and benefits from a national perspective. The direct cost of organising the race is around \$135 million per year, with the Government's share at 60%. We assessed the overall benefits to outweigh the costs, including indirect costs such as inconveniences due to road closures during the race period. Over the last ten years of hosting the race, we have attracted more than 450,000 international visitors, contributing about \$1.4 billion in incremental tourism receipts. As Associate Professor Goh pointed out, there are also indirect benefits through the international media coverage and high global viewership, which boost Singapore's image as a vibrant and dynamic city.

3. After MTI amended the Act in 2008, only gazetted tourist hotels needed to pay cess during the period of the Singapore F1 race. These are hotels which cater mainly to tourists. We have not extended cess collection to food establishments and public houses. In making the assessment, we are guided by the principle of our cess policy, which is to ensure that business groups which are likely to benefit commercially from a strategic tourism event would play their part in defraying the costs of organising these events. I agree with Associate Professor Goh that any expansion in cess collection has to be done in a judicious manner.

4. The amount of cess collected from gazetted tourist hotels varies each year, depending on the industry's performance that year. Historically, the F1 hotel cess collected has averaged about \$13 million each year. The cess collected goes to STB and supplements the Tourism Development Fund, or TDF, to support the costs of the F1 project.

5. Over the years, Government agencies have worked closely with the race promoter and affected stakeholders to improve the race execution. For instance, we have halved the number of days for road closures from 12 days when we first started in 2008 to 6 days in 2017. The opening of the Circle Line and Downtown Line stations also increased accessibility to the race vicinity during the F1 period.

6. To help tourism stakeholders, including retailers and F&B outlets, capitalise on the buzz created by the F1 race each year, STB works closely with them to launch the Grand Prix Season Singapore (GPSS). This is a season of lifestyle events complementing the race experience. Businesses have also used GPSS as an opportunity to innovate and test-bed new commercial concepts.

7. Beyond F1, we started the Kickstart Fund, with a budget of \$10 million, to encourage more ground-up initiatives from the industry to try out innovative event

concepts. For instance, the Fund has helped to launch new events such as the Spartan Race and Singapore Cocktail Festival. We hope to collaborate with the industry to support more events in the coming years.

8. Mr Speaker, Sir, I beg to move.

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